



Mthonjaneni Municipality

Annual Report

2010 – 2011



Honourable Cllr the Mayor
- Maureen Ndlangamandla



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Front Cover: With the mandate of alleviating poverty, agriculture and tourism projects form an intrinsic part of the Mthonjaneni Council's programmes. The soil is not only rich for food production, but is rich in mineral resources which are garnering the Council's attention.

Back cover: The Mthonjaneni Council encourages town clean-ups in which the local children enthusiastically participate.

Annual Report 2010/2011

Introduction

General Information

All Municipalities, at both the local and district level, are required by National legislation (Municipal Systems Act, No 32 of 2000) to prepare Integrated Development Plans (IDPs) and to review these every year.

The empowering legislation specifies that the IDP should reflect the community needs and to then prioritize actions to meet these needs in the determined order.

The Municipal Systems Act (MSA) also prescribes that an extensive consultation process must be undertaken as part of the IDP process to obtain inputs from the various communities in respect of their needs,

Apart from specifying the needs of the communities, the IDP should project a vision for the area depicting its ideal future state and to present the plans on how to achieve this.

Members of the Council

- **Mayor MN Ndlangamandla PR Councillor**
- **Deputy Mayor GVP Gumede Ward Councillor**
- **Speaker NA Jiyane PR Councillor**
- **Cllr EM Masikane Ward Councillor**
- **Cllr PE Ntombela Ward Councillor**
- **Cllr SM Khuzwayo Ward Councillor**
- **Cllr MN Biyela Ward Councillor**
- **Cllr NE Mgenge Ward Councillor**
- **Cllr MS Zulu PR Councillor**
- **Cllr HKL Zungu PR Councillor**
- **Cllr D Leitch PR Councillor**
-

Grading of Local Authority

Grade 4

Auditors

Auditor General

Bankers

First National Bank

Registered Office

21 Reinhold Street,
PO Box 11, Melmoth
3835

Telephone: 035 450 2082

Municipal Manager

FA Els

Chief Financial Officer

MJ Bowman, Licentiate Member of Institute of Municipal Finance Officers



Honourable Cllr the Mayor - Maureen Ndlangamandla

Mayor's Foreword

Foreword to the 2010/2011 Annual Report by the Honourable Cllr Maureen Ndlangamandla

Among the less populous local authorities in KZN Mthonjaneni has always stood out as a shining example.

Our political office bearers have always been transparently accountable, our finances have been well-managed and we have delivered services to our communities in an exemplary fashion.

Where, in the past, we experienced difficulties especially in the area of housing delivery it was not for want of trying but because the Department of Housing Settlements have not dealt expeditiously with our submissions and there are still unnecessary delays.

This Annual Report gives greater detail about the successful implementation of our many projects and I am proud to report that performance in terms of Section 46 of the Municipal Service Act has been more than satisfactory.

Details in this regard are set out more fully as required by the relevant legislation on pages xvii to xx.

In brief I can state that since 2000 when the new Municipal dispensation was implemented, Mthonjaneni has done itself proud and because of its excellent record of local government success has attracted a number of worthwhile developments while implementing its mandate of bringing its residents a worthy and decent life.

Valuable commercial properties have changed hands, electricity has been made available in rural areas, sanitation has been improved, water supplies have been upgraded, access roads have been established to landfills and market garden development discussions are ongoing with a view to greater self-sufficiency.

Internal municipal systems are being improved as we develop more capacity. Our debt collection programme is in place and we have an efficient yet sympathetic system to ensure that what is owed to the municipality is recovered in good time.

We set ourselves targets and deadlines for our projects and our work generally so that we may assess our progress and complete our schedules on time, or in some cases ahead of time.

We must mention that while municipalities are seen as the development agents of the national government, such municipalities--- while always crisply identifying local needs, such as housing and local economic development--- are not always in a position to carry all their suggestions through, due to financial constraints.

The national government is well aware of this difficulty and is addressing the problem of generating unrealistic expectations at local level.

I believe this municipality is among the foremost in communicating its achievements to its communities.

Our newsletters are eagerly read by community members and our regularly scheduled as well as our incidental meetings are well attended by both Councillors and community members, as our records consistently record.

My Council espouses close co-operation with the media which are cornerstones in our democracy and this municipality follows an open door policy with the local newspapers.

Participation in the Ward Committee System has improved and will I'm sure, continue to improve as the incentives to participate become more widely known.

I would like to thank the staff of the Municipality and the Councillors for their unstinting efforts in making this Annual Report possible and for the team effort which brings such excellent service delivery to the communities of Mthonjaneni.

Signed

Mayor Maureen Ndlangamandla



Municipal Manager's Overview of the Municipality in the year under review

The Mthonjaneni Municipality serves a population of about 50 000 from offices in the historic town of Melmoth. The great majority of our people live in deep rural areas. The Municipality is within the jurisdiction of the uThungulu District Municipality, headquartered in Richards Bay which is the economic hub of Zululand.

On the pages which follow the activities of the various functional departments are itemized, while expenditure reviews are contained in the financial statements, which are further elucidated with the necessary notes. All departments kept good records throughout the year under review, being 2010/2011.

Generally speaking, the Municipality continues to expand its service base to the community and while growth is not spectacular it is certainly steady and sustained. Regular meetings with the community keep up the flow of information to the people and at this stage we can say with certainty that there is an appreciation of the functions of the Municipality by the community.

They also appreciate, now to a greater degree than ever in the past, the difficulties which are experienced due mainly to a lack of central government funding for all the services which the community expects.

Certain problems in the region are of a perennial nature and these include the disabling impact of the AIDS pandemic on the population, chronic unemployment, an agricultural system which is based on seasonal rather than permanent employment and devastating bush fires.

The Council addresses these where possible with whatever means it has at its disposal and works closely with the Uthungulu District Municipality regarding shared functions. The Council also endeavours to involve more contract workers, specifically hired for certain periods to help maintain the projects launched in the Wards. In this manner we attempt to create work for local residents, albeit for limited periods, while essential maintenance work is sustained. Our projects always range over a broad spectrum of human activities from road upgrades, community halls and crèches, poultry houses, grazing camps and other useful structures which serve the community at large. This of course results in the Technical Department's activities being the most visible of the activities of the Council.

Keeping the town clean is a Council priority and resident participation in this on-going process is most encouraging and is growing. The Council resultantly capitalises on community awareness of its tasks through communication exercises like newsletters and regular meetings which indicate how funds are being spent.

I must also record my appreciation for the co-operation received from both staff and Councillors in dealing with the multitude of different tasks which fall to a local authority.

Andre Els
Municipal Manager

Creating jobs and alleviating poverty

- Twenty business start-up entrepreneurs have been trained in basic business management as well as basic computer skills.
- The local economic development programmes are supported by Business Forums, the Farmers' Association, the Tourism Association and the Transport Owners Association.
- All these interventions are dynamic and eventually guided by the Council which strives to create a favourable environment in which business and job creation can prosper.
- All this activity serves to heighten awareness of what is possible in the region where jobs are scarce and health concerns are of paramount importance.
- In short, the Council is aware that it cannot change the environment for the better in a short time, but what it can do is to act as a community-friendly catalyst to bring a better life to its residents in many spheres of human endeavour.
- In this manner funds are made available for poultry projects, food gardening enterprises and health improvement initiatives with many facets.
- In the nature of things, the Council's involvements in these many social interventions are usually those of an implementing agent where the policy direction and often the funds and the expertise are lodged in provincial or national departments.
- It is hoped that in this manner the essence of the new democratic system, which as far as municipalities are concerned was launched in 2000, can be of tangible benefit to the people on the ground.

Annual Report: Highlights of Departmental activities - Mthonjaneni Municipality

Finance Department Annual Report 2010/2011

Assessment of Revenue

The budgeted revenue was R65 455 900.00 while the actual Revenue accrued or received amounted to R62 307 357.00. The difference is in unspent grants being an amount of R4 267 391.00.

Service charges accounted for more than budgeted due to the increase in electricity consumption and tariffs.

Additional interest on investments was obtained due to management of cash flow resulting in additional investments being made.

The income from motor licensing fees was higher than expected due to an increase in numbers of applicants from beyond municipal boundaries applying for learners' and drivers' licences.

Assessment of Arrear Debt

There was an increase of R2 400 000.00 in unpaid debt. Of this an amount of R1 800 000 is owed by Eskom and SANRAL for public service infrastructure rates. These two agencies have contested their liability for the payment of the rates.

An amount of R1 690 000.00 as at June 30 2011 remains unpaid for electricity and refuse charges. However R969 000.00 is the current month's debit raised. This is due to the large electricity increase introduced by Eskom.

Capital Projects

All the Projects for the 2009/2010 financial year have been completed.

Various challenges were encountered in proceeding with the projects for 2010/2011 and can be summarized as follows:

- Late changes to sites of sports-fields due to community interventions.
- Supply chain processes.

These problems are not anticipated for the coming year as the projects will commence during July 2011. Action plans have been put in place to address challenges experienced during this financial year.

Capital expenditure amounted to R19 863 515.00.

- R7 600 000.00 was spent on land and buildings including Ward Projects.
- R4 300 000.00 was spent on roads and sidewalks.
- R7 100 000.00 was spent on equipment and electricity projects.

Expenditure

The budget of Operating Expenditure was R44 294 000.00 of which R41 928 227.00 was spent with the main difference on unspent grants and under spending on repairs and maintenance.

Audit Findings

The findings of the 2009/2010 audit report have all been addressed. Recommendations of the Audit Committee have also been addressed. Management is committed to a clean audit in line with the national project requiring clean audits by all local authorities by 2014.

Functions

The Council has powers and functions allocated to it in terms of the Capacity Assessments and Recommendations of the Demarcation Board.

Adjustment of Powers and Functions

No adjustments were made to the powers and functions during this overview period by the Demarcation Board.

Performance Management of Section 57 Managers

The performances of the Municipal Manager, Director Corporate Services and the Chief Financial Officer have been measured in terms of the Municipal Performance Regulations for Municipal Managers and Managers reporting to the Municipal Manager. Performance agreements have been signed with such employees as required by legislation.

Bid Adjudication Committees

The Supply Chain Management processes and practices at the Municipality are strictly run in accordance with the provisions of the Municipal Finance Management Act, 2003. Relevant amendments were made during the course of the year to further enhance the system.

Risk management and Fraud Prevention

A policy in this regard was adopted and implemented.

Disaster Management Plan

In terms of Section 53 of the Disaster Management Act 57 of 2002 each Municipality must prepare a disaster management plan for its area according to circumstances prevailing in the area. This was done during the previous year under review.

Oversight report

Section 129 (1) of the MFMA requires the Council to consider the Annual Report by no later than two months after the document was tabled in Council. Council must also adopt the Oversight Report containing the Council's comments on the Annual Report. The final Audit Report for the 2009/2010 financial year was received on 03/12/2010.

Corporate and Community Services

It remains one of the major functions of this Department to co-ordinate community participation in various events of a national, provincial or local interest. Much time is therefore spent in analyzing the relative significance of an event and in determining whether expenditure on it by the Council will benefit the image of the Mthonjaneni Municipality.

Sites have to be inspected and many meetings have to be attended to justify eventual participation.

Among the events in which the Mthonjaneni Municipality participated with great success were the annual Kwanaloga Games, the Zulu Dance Competition, the celebration of Women's Day and the Youth Month Celebration. These events are eagerly anticipated by the whole community and serve as morale boosters as well as opportunities by the Council to show a more human side of the local authority.

Protection Services

This Department was extremely active during the year under review as many prospective vehicle drivers from other jurisdictions came to Melmoth to qualify for their documents. This resulted in more work but resulted in increased revenue and is an indication of the esteem in which the testing centre is held by the general public, also those outside our jurisdiction.

The Department assisted four other local authorities to establish their own testing centres after requests to the Council that its expertise be shared. Hundreds of vehicles of all categories were tested and thousands of licencees were tested which resulted in the Department exceeding its Budget expectations for the year under review.

The Department's revenue amounted to R2 441 708.31 and it received computers as a donation from the Department of Transport after the record of its excellent service delivery to the local and outside communities had been weighed.

Further to its duties, the Department assisted with the finalization of the Municipality's Disaster Management Plan and the Community Call Centre. It also assisted the Department of Transport in identifying High Accident Zones and in so doing reduced vehicle accidents by an estimated 30%.

Human Resources and Related Functions

The full report of the Human Resources Department is available to interested residents through the office of the Municipal Manager and what follows is of necessity only a profile of what is a most comprehensive document.

A dozen staff members either resigned or died in the year under review while 21 were appointed in all categories.

Scores of staff were trained, or are undergoing specialist training, also in all categories. At a glance the staff situation in the year under review reflected 149 positions, with 136 being filled. There were 8 unbudgeted vacant positions.

Gender and demographic employment profiles reflect favourably in terms of requirements. The Council is also actively engaged in what can broadly be called reconstruction and development work with a strong social bias. In this respect Council has functionaries in the field dealing with social upliftment and economic empowerment actions, with health interventions, considering the impact which AIDS and poverty-related illnesses have on the

community. Special attention is paid to the aged and to women and children, who are particularly vulnerable. These interventions interact with people living with HIV and Aids, with traditional and Western medicine practices, with traditional leaders and with the NGO sectors and with district representatives.

Council initiates a large volume of work regarding these social interventions in improving the lot of residents and it is in this sphere particularly that the residents of the area get to know and ultimately to judge the efficacy of our plans to improve the destiny of the people and to make democracy real for them.

The Technical Department

The Technical Department has had a busy year implementing the needs of the community as crystallized in the integrated development plans.

Apart from regularly keeping the town of Melmoth clean and tidy by removing garbage and rubble, and also industrial waste this division works to strict schedules to mow long grass and keep the town's street verges neat. Fire break maintenance is paramount as in the winter months the area has been devastated by runaway fires which can start anywhere.

It maintains municipal buildings, repairs local street potholes, supervises the progress on infrastructure development and has generally to be available at the drop of the proverbial hat.

It assesses departmental needs like painting maintenance, vehicle replacements, furniture renewals and is in overall charge of public works needs.

It also scrutinizes all building plans submitted and makes positive suggestions about compliance issues where such plans may fall short.

It also ensures that all work being carried out is wherever possible done by local contractors employing local labour to give concrete effect to the mandate of job creation and elimination of poverty.

At a glance the building work of the Technical Department, and the amounts it supervises, are given in brief form below:

- Building of Community Hall at Nkuzempunga-Tshelensimbi in Ward 3 at a cost of R920 666 00
- A sports field was built at Mfanefile in Ward 3 at a cost of R604 673
- A pay-out pension point now stands at Nkwenkwe in Ward 5, built at a cost of R877 450
- A crèche was built in Mgojana in Ward 4 for an amount of R806 987
- Ward 4 now has a sports field at Kwasanguye
- A new Community Hall stands at Mfule in Ward 2, built at a cost of R710 012
- The drop-in centre at Dubene in Ward 6 cost R842 956
- Phase two of the Melmoth Regional Sports-field cost R1 274 903
- A play park for the kiddies now stands at Thubalethu in Ward 1 and cost R100 000
- Work on the landfill site is progressing to schedule
- The Municipal Stores have been rehabilitated at a total cost of R4 218 295 and includes Rural Metro Offices, Staff change rooms, fuel facilities, car washing bays and store rooms.

The Electrical Report

The Municipality is regarded as having one of the most sophisticated and efficient electrical staff complement in the region and it is regularly called upon to advise and guide other authorities with whom it interacts, apart from rendering valuable advice to other local authorities.

The excellence of the sub-division lies in the valuable broad experience of the electrical contractor who reports on a strict monthly basis, then using those reports on which to present his integrated annual report.

These reports are exemplary and cover budgeting methods as well as all technical matters.

A sophisticated system utilizing infra-red canning technology identifies and pinpoints potential electrical faults, saving much time and effort in maintaining the grid. The report also catalogues, to the second, every planned or unplanned electrical interruption which is valuable information for industry.

Indeed it is no exaggeration to say that every electrical event, from the replacement of every fuse or street light bulb is faithfully catalogued with work hours spent, parts used and other relevant details recorded.

Apart from the necessary maintenance work, ambitious new projects are sought and supervised which eventually cost millions of rands.

In this regard tenders submitted are scrutinized by the contractor who serves to advise on the compatibility of new systems into the existing grid.

An examination of the annual reports submitted by the contractor gives a voluminous and exacting scenario of all the electrical work done by him and can eventually serve as an excellent historical record of the state of repair and service of the Mthonjaneni electrical grid.

The extent of co-operation between ESKOM and the national energy regulator is also at a high professional level, due to the valuable experience of the current highly efficient and experienced electrical engineer.

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS														
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT														
NAME OF MUNICIPALITY MTHONJANENI LOCAL MUNICIPALITY		SELECT THE QUARTER		1	2	3	4	FINANCIAL YEAR ENDED 30 JUNE 2011						
		TICK THE APPLICABLE BOX		x	x	x	x							
Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Annual Base- line	Backlog	Quarterly Target	Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information	
Access to Basic (or higher) Water		1	Number of Households with access to basic (or higher) levels of water	10107	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
		2	Number of households with access to free basic water	No. of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	n/a	n/a
		3	Number of Households with access to basic (or higher) levels of sanitation	2328	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	n/a	n/a
		4	Number of households with access to free basic sanitation	No. of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	n/a	n/a
		5	Number of Households with access to basic (or higher) levels of electricity	5000	1500	N/A	N/A	600	800	no data	1200 New connections	financial	Quarterly Reports	
		6	Number of households with access to free basic electricity	No. of Households	no data	260	N/A	260	260	no data	n/a	n/a	Quarterly Reports	
		7	Number of Households with access to basic (or higher) refuse removal	2328	no data	1557	Nil	1557	1557	no data	no data	n/a	Quarterly Reports	
		8	Kilometres of new municipal roads constructed	2.5km	15	5.6	9.4	8	5.6	no data	no data	no data	n/a	Quarterly Reports
Human Settlements	Basic Service Delivery and Infrastructure Development	9	Hawule Rural Housing	No. of Households	1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	
			Matshansundu Rural Housing		1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	
			Sanguye Rural Housing		1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	
			Dubeni Rural Housing		1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	
			Mabhugu Rural Housing		1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	
			Mfanefile Rural Housing		1000	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings	

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS													
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT													
NAME OF MUNICIPALITY		MTHONJANENI LOCAL MUNICIPALITY	SELECT THE QUARTER	FINANCIAL YEAR ENDED 30 JUNE 2011									
				1	2	3	4						
			TICK THE APPLICABLE BOX										
Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Annual Base- line	Backlog	Quarterly Target	Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information
			Victoria Street Housing		10	no data	1000	1000	0	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings
			Thubalethu low cost housing		175	175	175	175	175	Delayed approval and funding from the Department Human Settlements	Importance of approval to be discussed at monthly meetings	Support needed in speedy delivery of services from department of Human Settlements	Minutes of Housing committee meetings
		10	No. of Households informal settlements provided with water	No. of Households	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		11	No. of households in informal settlements provided with Sanitation	No. of Households	n/a	n/a	no data	N/A	N/A	N/A	n/a	n/a	n/a
Formalization of informal settlements		12	No. of households in informal settlements provided with Electricity	No. of Households	660	0	660	209	1212				
Disaster Management		13	No. of Disasters prevented	No. of Disasters prevented	no data	0	no data	0	14	0	0	0	no data
		14	Number of disasters prevented, mitigated and preparedness	No. of Disasters mitigated	no data	no data	no data	0	2	0	0	0	no data
		15	% Preparedness	% Preparedness	no data	100	no data	100	0	0	0	0	no data
Repairs and maintenance		16	Service delivery interruptions per type of service (time per quarter) and no. of households affected	No. of interruptions	n/a	n/a	N/A	0	0	n/a	System Upgrade	o	Monthly report
		17	No. of Households	No. of Households	0	0	0	0	0	0	0	0	0
Capital Projects			Building of play park in Ward 1	50% completed			-	100	0				Report
			Community Hall at Mfule Ward 2	100% completed			-	100	10				Report
			Community Hall at Tshelensimbi in Ward 3	100% completed			-	100	95				Report
			Building of Mgojana in Ward 4	100% completed			-	100	98				Report
			Building of Paypoint at Nkwenkwe area in Ward 5	100% completed			-	100	95				Report
			Building of Drop in Centre Ward 6	10% completed			-	100	0				Report
			Upgrading of Municipal Stores	100% completed			-	100	100				Report
			Building of the regional sportfield phase 2	100% completed			-	100	98				Report
			Quarterly collection rate on billings	% Collection rate (Total receipts for services/ Total billings for services)	no data	no data	no data	95	90	0	0	0	Statistics derived from Mid-Year Financial Review
Revenue Management		20	Percentage growth in revenue collected by the municipality as a % of projected revenue target	% Growth in revenue collected (Actual revenue collected for this quarter/ Targeted revenue collection for this quarter) - (Actual revenue collected previous quarter/ Targeted revenue collected previous quarter) x 100%		-	-	5	8	0	0	0	Statistics derived from Mid-Year Financial Review

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS																									
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT																									
NAME OF MUNICIPALITY MTHONJANENI LOCAL MUNICIPALITY		SELECT THE QUARTER		1	2	3	4	FINANCIAL YEAR ENDED 30 JUNE 2011																	
		TICK THE APPLICABLE BOX		x	x	x	x																		
Debt Management	Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Annual		Quarterly		Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information												
						Dem- and	Base- line	Backlog	Target					Progress Achieved											
						21	% of budgeted revenue for property rates collected (implementation of the Municipal Property Rates Act, 2004 (Act no. 6 of 2004)	% Property rates collection (Total property rates received for the quarter/ Total property rates budgeted for the quarter) x 100	-					-	91	78	0	0	0	Statistics derived from Mid-Year Financial Review					
						22	Grants as a % of revenue received	% Achieved (Total grants received/ Total revenue received) x 100	-					-	62	64	0	0	0	Statistics derived from Mid-Year Financial Review					
						23	R debtors outstanding as a % of revenue received for services	% Achieved (Total outstanding debtors/ Actual revenue received for services) x 100	-					-	37	49	0	0	0	Statistics derived from Mid-Year Financial Review					
	24	% of debt over 90 days	% of debtors >90 days (Total outstanding debtors >90days/ Total outstanding debtors) x 100	-	-	54	66	0	0	0	Statistics derived from Mid-Year Financial Review														
	25	Debtors collected as a % of money owed to the municipality	% Debtors collections (Actual revenue received for services/ Total outstanding debtors) x 100	-	-	268	200	0	0	0	Statistics derived from Mid-Year Financial Review														
	26	Debt coverage	Ratio (Total operating revenue received) - (operating grants received/ debt service payments due, including interest and capital)	-	-	0	0	0	0	0	Statistics derived from Mid-Year Financial Review														
	27	Cost coverage	Ratio (All available cash at a particular time) + (Investments)/ Monthly fixed operating expenditure)	-	-	14	14	0	0	0	Statistics derived from Mid-Year Financial Review														
	28	Quarterly operational expenditure as a % of planned expenditure	% Achieved (Actual operational expenditure for this quarter/ Budgeted operational expenditure for this quarter) x 100	-	-	113	83	0	0	0	Statistics derived from Mid-Year Financial Review														
	Expenditure Management	Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Base- line	Backlog	Target	Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information										
29																Quarterly capital expenditure as a % of planned capital expenditure	% Achieved (Actual capital expenditure for this quarter/ Budgeted capital expenditure for this quarter) x 100	-	-	60	25	0	0	0	Statistics derived from Mid-Year Financial Review
30																% of operational budget spent on repairs and maintenance (Is this for the quarter or year to date?)	% Achieved (Total repairs and maintenance expenditure/ Total operational budget) x 100	-	-	15	13	0	0	0	Statistics derived from Mid-Year Financial Review
			31	Quarterly repairs and maintenance expenditure	Rand value			-		568086	0	0	0	no data	Statistics derived from Mid-Year Financial Review										

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS													
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT													
NAME OF MUNICIPALITY		SELECT THE QUARTER		1	2	3	4	FINANCIAL YEAR ENDED 30 JUNE 2011					
		TICK THE APPLICABLE BOX											
MTHONJANENI LOCAL MUNICIPALITY		X	X	X	X	X	X						
Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Annual Base- line	Backlog	Quarterly Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information	
Unqualified audit		32	MIG expenditure as a % of annual allocation (Is this for the quarter or year to date?)	% Achieved (Actual MIG expenditure for the quarter/ Annual allocation) x 100			–	93	0	0	0	Statistics derived from Mid-Year Financial Review	
		33	% of a municipality's capital budget actually spent on capital projects (Is this for the quarter or year to date?)	% Spent (Total spending on capital projects / Total capital budget) x 100			–	25	0	0	0	Statistics derived from Mid-Year Financial Review	
		34	Annual Audit Opinion (2nd quarter only)	Qualified				NO	NO	0	0	no data	
		35		Unqualified				YES	YES	0	0	no data	
		36		Disclaimer				NO	NO	0	0	no data	
		37	Timeous adoption of IDP	Yes/No				yes	–	no data	IN PROGRESS	0	no data
		38		Date adopted				2011/06/30	N/A	no data	IN PROGRESS	0	no data
		39	Timeous adoption of Budget	Yes/No				yes	N/A	no data	IN PROGRESS	0	no data
		40		Date adopted				2011/05/31	N/A	no data	IN PROGRESS	0	no data
		41	Timeous adoption of SDBIP	Yes/No				yes	N/A	no data	IN PROGRESS	0	no data
Integrated Development Planning		42	Timeous adoption of SDBIP	Date adopted		#####		2011/06/30	N/A	no data	IN PROGRESS	no data	no data
		43	Reliable and credible IDP	Yes		#####		yes	N/A	IN PROGRESS	0	no data	
		44	Timeous submission of Annual Financial Statements	Yes/No				yes	YES	NIL	NIL	0	Correspondence with AG
		45		Date submitted				2010/08/30	2010/08/30	NIL	NIL	0	Correspondence with AG
		46	Timeous submission of Annual Report	Yes/No				YES	YES	NIL	NIL	0	Correspondence with AG
		47		Date submitted				2011/01/31	2011/01/25	Nil	NIL	no data	Correspondence with AG
		48	Updated and credible Asset Register	Yes/No				YES	YES	Nil	NIL	0	Section 72 Report to Council
		49	Functional OPMS	Yes/No				YES	YES	Nil	NIL	no data	Council Resolution
Administration		50	Updated and credible Indigent Register	Yes/No				YES	Nil	NIL	no data	Council Resolution	
		51	Financial controls applied to ensure usage is monitored/ limited to Indigent Policy	Yes/No				YES	Nil	NIL	no data	Council Resolution	
Reduced Corruption		52	Functional Supply Chain Management System	Yes/No				YES	Nil	NIL	no data	Council Resolution	
		53	Anti-corruption strategy implemented by target date	Yes/No				YES	Nil	NIL	no data	Council Resolution	
		54		Date implemented		Feb-10		no data			no data	Council Resolution	
		55	Percentage of critical posts filled	% of critical posts (Number of critical posts filled/ Total number of critical posts on the organogram) x 100				–	100	75	Funding	Assistant Technical Director to be designated with duties	0
Labour Relations		56	Percentage of critical posts with signed performance agreements	% of signed performance agreements (Total number of signed performance agreements for critical posts/ Total number of critical posts on the organogram) x 100			–	100	100	0	0	Signed Performance Agreements	
		57	Acceptable level of functionality of Local Labour Forum	Yes		YES	–	YES	YES	0	0	Minutes of Local Labour Forum Meetings	
		58		No. of meetings held		10	–	10	2	0	0	Minutes of Local Labour Forum Meetings	
		59	Budget Spent on Workplace Skills Plan	% Spent (Actual amount spent on WSP/ Budgeted amount for WSP) x 100			64	20	20	no data	no data	no data	Section 72 Report to Council

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS													
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT													
NAME OF MUNICIPALITY		SELECT THE QUARTER		1	2	3	4	FINANCIAL YEAR ENDED 30 JUNE 2011					
		TICK THE APPLICABLE BOX		x	x	x	x						
Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Annual Base- line	Backlog	Target	Quarterly Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information
Public Participationx	Good Governance, Community Participation and Ward Committee Systems	60	Number of people from employment equity target groups employed in the three highest levels of management	No. - Municipal Manager			-	1	1	0	0	0	EEP
		61		No. - S57 Managers			-	no data	0	NIL	NIL	no data	EEP
		62		No. - S56 Managers		1		no data	1	NIL	NIL	no data	EEP
		63	Number of suspensions in the three highest levels of management	No. - Municipal Manager		0		no data	0	NIL	NIL	0	Quarterly Reports
		64		No. - S57 Managers		0		no data	0	NIL	NIL	0	Quarterly Reports
		65		No. - S56 Managers		0		no data	0	NIL	NIL	0	Quarterly Reports
		66	% of functional Ward Committees in terms of the new model	% Achieved (Number of functional Ward Committees/ Total Number of Ward Committees) x 100		100%		no data	100%	NIL	NIL	0	Minutes of Ward Committee Meetings
		67	Number of Ward Committee management meetings held and percentage attendance by members	No. of meetings		24		4	4	NIL	NIL	0	Minutes of Ward Committee Meetings
		68		% attendance achieved		60%		no data	60%	Unavailability of ward committee members	Encourage members to attend meetings	Ward committee members	Minutes of Ward Committee Meetings
		69	Number of community meetings held	No. of meetings		6		no data	6	NIL	NIL	0	IDP Process Plan
Enabling environment for growth and development	Local Economic Development	70	No. of jobs created through Capital Works Plan	No. of jobs		98		50	50	NIL	NIL	0	
		71	Number of Wards per municipality implementing the Capital Works Plan	No. of Wards		6		6	6	NIL	NIL	0	no data
		72	Number of Co-operatives established and still functional in Wards where CWP is implemented	No. of Co-operatives		0		0	0	NIL	NIL	0	no data
		73	LED Strategy adopted	Yes/No		YES		YES	YES	NIL	NIL	0	no data
		74		Date adopted		#####				OUTDATED	LED Strategy to be reviewed by 30 June 2011	In progress	no data
		75	LED Strategy and plans are aligned with PGDS	Yes/No		YES		YES	YES	NIL	NIL	0	no data
		76	Jobs created through the Municipality's LED activities	No of jobs		5		5	5	NIL	0	0	Municipal Ward Projects
		76	Lack of progress in approvals of Rural and Urban Housing Schemes by Department of Human Settlements	Houses to be constructed by Department of Human Settlements				6000	0	EIA Reports to be finalized	Expedition of EIA Reports	0	no data
		77	New tracing system to be in place to collect outstanding fines	Date of implementation				30-Jun-11		Insufficient availability of staff complement	New system to be implemented	0	Housing Minutes
		Expenditure Management	Financial Viability and Financial Management	78	MIG expenditure as a % of annual allocation	% Achieved (Actual MIG expenditure for the quarter/ Annual allocation) x 100				100%	100%	NIL	0
Unqualified audit	Financial Viability and Financial Management	79	Annual Audit Opinion (2nd quarter only)	Unqualified		Yes		YES	YES	NIL	0	0	Expenditure Report
Integrated Development Planning	Financial Viability and Financial Management	80	Fixed Asset Register not up to date	Date of update		#####					Completed in 2009/2010		AG Report

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS												
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT												
NAME OF MUNICIPALITY MTHONJANENI LOCAL MUNICIPALITY		SELECT THE QUARTER		1	2	3	4	FINANCIAL YEAR ENDED 30 JUNE 2011				
		TICK THE APPLICABLE BOX		x	x	x	x					
Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Dem- and	Annual Base- line	Backlog	Quarterly Progress Achieved	Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information
Reduced Corruption	Financial Viability and Financial Management	81	Functional Supply Chain Management system	Yes/No		YES		YES		Training was provided	was provided	Supply Chain Policy
Labour Relations	Municipal Transformation and Institutional Development	82	Inadequate staffing in Protection Services	Date of appointment of Senior Examiner		#####		31-Jan-11	NIL	0	0	Organogram
Public Participation	Good Governance, Community Participation and Ward Committee Systems	83	New Ward committee members to be trained	Date of training				30-Nov-10	NIL	Training scheduled for post elections	0	no data
		84	Communication Plan to be revised	Date of approval				31-Oct-10	NIL	0	0	Plan
Enabling environment for growth and development	Local Economic Development	85	Implementation of LED Revival Plan	Date of approval				31-Aug-10	NIL	0	0	Report

INDICATORS

REGULATED

REPORT OF THE AUDITOR-GENERAL TO KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MTHONJANENI LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Mthonjaneni Local Municipality, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 2 to 38.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA), and Division of Revenue Act of South Africa, 2010 (Act No.1 of 2010) (DORA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mthonjaneni Municipality as at 30 June 2011, and its financial performance

and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unauthorised expenditure

9. As disclosed in note 23 to the financial statements, the municipality incurred unauthorised expenditure of R1,144 million as a result of exceeding the budget on expenditure items of bulk purchases, contributions to provision, provision for bad debt, depreciation and employee-related costs. Council authority was subsequently obtained on the 06th of September 2011.

Material losses

10. As disclosed in note 26.7 to the financial statements, the municipality incurred significant distribution loss of 1,964,085 kilowatts with a purchase value of R513,148 (sales value R1,411 million).

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages 33 to 38 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages xi to xvi and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

The following criteria are relevant to the findings below:

Usefulness of information

- Measurability: Indicators are well defined and verifiable, and targets are specific, measurable and time bound
- Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets
- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents

The following audit findings relate to the above criteria:

14. The actual achievements with regard to 85% of all planned indicators specified in the integrated development plan for the year under review were not included in the report on predetermined objectives submitted for audit purposes (Completeness)
15. For the selected objectives, 38% of the planned and reported targets were not:
- measurable in identifying the required performance
 - time bound in specifying the time period or deadline for delivery.

Compliance with laws and regulations

Annual financial statements

16. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with the requirements of fair presentation and SA Standards of GRAP, as required by section 122(1)(a) of the MFMA. The material misstatements identified with regard to investment property and property, plant and equipment were subsequently corrected.

Procurement and contract management

17. Construction contracts to a total value of R9,857 million were not registered in the register of contracts with Construction Industry Development Board in compliance with section 18(1A)(1) of the Construction Industry Development Board (CIDB) Regulations.

INTERNAL CONTROL

18. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

19. Inadequate oversight over the preparation and review process of the 2010-11 Integrated development plan (IDP) review and the annual performance report to ensure that all targets per the IDP review are reported. Furthermore, inadequate oversight in ensuring compliance with section 18(1A)(1) of the CIDB regulations and the preparation of financial statements in accordance with section 122(1)(a) of the MFMA.

Financial and performance management

20. Inadequate controls over the reporting of the annual performance report to ensure alignment to the IDP.

OTHER REPORTS

Investigations

21. An investigation was completed during the year that related to theft of monies by a cashier of the uThungulu District.

Auditor General

Pietermaritzburg

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

MTHONJANENI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2011**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



F A ELS
MUNICIPAL MANAGER

30-8-2011

Date

MTHONJANENI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2011

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MTHONJANENI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011

REVENUE	Note	2011 R	2010 (RESTATED) R
Property rates	12	5 695 301	4 226 043
Property rates - penalties imposed and collection charges		495 113	277 864
Service charges	13	12 000 170	10 491 548
Rental of facilities and equipment		395 859	380 639
Interest earned		2 340 828	2 122 527
Traffic fines		18 690	16 000
Licences and permits		2 587 305	2 241 813
Government grants and subsidies	14	37 987 574	32 815 457
Other income	20	786 517	1 572 980
Total Revenue		62 307 357	54 144 871
EXPENDITURE			
Employee related costs	16	13 915 560	10 796 878
Remuneration of councillors	17	2 346 050	2 273 652
Collection costs		8 347	16 805
Provision for Bad Debt	35	1 794 940	-
Depreciation	7	2 995 820	1 968 855
Repairs and maintenance		1 628 279	1 606 010
Bulk purchases	18	8 863 079	6 953 961
Contracted services		658 374	589 429
General expenses	19	9 481 047	10 552 482
Adjustments to provisions	35	236 731	198 557
Total Expenditure		41 928 227	34 956 629
SURPLUS FOR THE YEAR		20 379 130	19 188 242

MTHONJANENI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2011

	<u>Accumulated Surplus</u> R	<u>Total</u> R
Balance at 30 June 2009	68 001 113	68 001 113
2009/2010		
Surplus for the year	19 188 242	19 188 242
Balance at 30 June 2010	87 189 355	87 189 355
Balance at 30 June 2010	87 189 355	87 189 355
2010/2011		
Surplus for the year	20 379 130	20 379 130
Balance at 30 June 2011	107 568 485	107 568 485

MTHONJANENI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 (RESTATED) R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government grants and other		53,033,152	59,210,183
Cash paid to suppliers and employees		<u>39 877 808</u>	<u>33 993 643</u>
Cash generated from operations	24	13 155 344	25 216 540
Interest received		2 340 828	2 122 527
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>15 496 172</u>	<u>27 339 067</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19 863 515)	(14 275 077)
Proceeds sale of Assets		278 874	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(19 584 641)</u>	<u>(14 275 077)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (Decrease) in consumer deposits		(52 064)	37 549
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(52 064)</u>	<u>37 549</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(4 140 533)</u>	<u>13 101 539</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		38 850 681	25 749 142
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	<u>34 710 148</u>	<u>38 850 681</u>

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below :

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

1.2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- IAS 19 Employee Benefits - effective 1 January 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below in notes 1.3 to 1.17.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rands.

1.4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost or fair value less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Items of property, plant and equipment which are acquired for no cost or for a nominal cost are recognised at their fair values.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The cost or fair value of property, plant and equipment is depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated asset lives:-

<u>DETAILS</u>	<u>YEARS</u>	<u>DETAILS</u>	<u>YEARS</u>
Infrastructure		Other	
Biological assets	15 - 30	Machinery and equipment	4 - 15
Cemeteries	15 - 20	Non-residential dwellings	15 - 30
Computer equipment	5	Roads	10 - 50
Dwellings	30	Waste disposal	50
Electricity infrastructure & equipment	5 - 50	Transport Assets	7 - 10
Furniture & office equipment	5 - 10	Water assets	50

The estimated useful lives and residual values of property, plant and equipment are periodically reviewed and adjusted where necessary.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Mthonjaneni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

1.6 LEASES

Payments made under lease agreements are expensed and charged to the Statement of Financial Performance on a straight line basis over the period of the lease. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

Mthonjaneni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

1.7 INVENTORIES

Inventories comprising consumable stores are valued at the lower of average cost, determined on the first in first out method, and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Mthonjaneni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.

1.8 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value. The subsequent measurement of financial instruments is dealt with below and in the absence of an approved GRAP Standard, is in accordance with IAS 39.

1.8.1 INVESTMENTS

Financial instruments, which comprise fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

1.8.2 CONSUMER AND OTHER RECEIVABLES

Consumer and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Bad debts are written off during the year in which they are identified.

An impairment or bad debt loss is recognised when it is probable that the Municipality will not be able to collect all amounts due (principal and interest) according to the contractual terms of the accounts receivable. The assessment of objective indicators of impairment for accounts receivable is carried out at each balance sheet date.

1.8.3 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.8.4 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discounts or premiums on settlement. Gains and losses are recognised in net income or loss when liabilities are impaired as well as through the amortisation process.

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairments, if any, are considered to be immaterial.

1.9 REVENUE RECOGNITION

1.9.1 *Revenue from Exchange Transactions*

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered and the fee has been charged or licences and permits have been issued.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

1.9.2 *Revenue from non-exchange transactions*

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.10 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

1.11 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

1.12 RETIREMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions.

Contributions are recognised as an expense in the Statement of Financial Performance in the year in which they become payable.

The liability recognised in the statement of financial position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable.

1.13 DEPOSITS

Deposits received from consumers are based on a set tariff for conventional electricity meters. The deposit for domestic and business customers using conventional electricity meters may be increased based on consumption. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's consumer deposits policy. No interest is paid on deposits held.

1.14 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearer's Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 TRANSITIONAL PROVISIONS

Mthonjaneni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7-8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37-38
- GRAP 12 Inventories – paragraphs 45-52
- GRAP 13 Leases – paragraphs 55-60
- GRAP 16 Investment Properties – paragraphs 63-70
- GRAP 17 Property, Plant and Equipment – paragraphs 73-83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraphs 93-94E
- GRAP 100 Non-current assets held for sale and discontinued operations – paragraphs 97-98
- GRAP 102 Intangible Assets – paragraphs 110-118
- IAS 19 Retirement benefits – paragraph 155(b).

1.18 INTANGIBLE ASSETS

1.18.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 10 years

The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.18.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19 INVESTMENT PROPERTY

1.19.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.19.2 Subsequent measurement - Cost less accumulated depreciation

Investment property is measured using the cost less accumulated depreciation model. After recognition as an asset, an item of investment properties shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2. RETIREMENT BENEFITS		
2.1. Post-employment medical benefits		
The municipality operates on an accredited medical aid scheme, namely KeyHealth Medical Scheme		
Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, Alexander Forbes Health (Pty) Ltd, carried out a actuary valuation as at 30 June 2011.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	8.75%	9.25%
Health care cost inflation rate	7.75%	7.75%
Benchmark inflation (equal to salary inflation)	6.75%	7.00%
Average retirement age	65	65
Proportion of retired members who are married	0.00%	50.00%
Active members	8	2
Mortality during employment	SA 85- 90 ultimate	PA 90 ultimate
Mortality post-retirement	PA 90 ultimate	PA 90 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS.)		
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	1 181 667	537 738
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	537 738	526,417
Current service cost	-	-
Interest cost	47 809	48 266
Benefit payments	(39 605)	(36 715)
Actuarial (gains)/losses	635 725	(230)
Recognition of previously unrecognised defined benefit liability	-	-
Balance at end of year	1 181 667	537,738
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	-	-
Interest cost	47,809	48,266
Benefit payments	(39,605)	(36,715)
Actuarial (gains)/losses	635,725	(230)
Total, included in employee benefits expense (Note 16)	643 929	11,321

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2. RETIREMENT BENEFITS (Continued)		
2.2. Long service awards liability		
The municipality has an obligation with respect to their employees in recognition of long periods of service.		
Employees receive additional leave in respect of long service awards. The independent valuers, Alexander Forbes Financial Services (Pty) Ltd, carried out a actuary valuation as at 30 June 2011.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	8.75%	9.25%
Inflation Rate	7.75%	7.75%
Salary Increase Rate	6.75%	6.75%
Benchmark inflation (equal to salary inflation)	0.00%	0.00%
Average retirement age	65	65
Average future working lifetime of active members	15.85 years	16.70 years
Active members	88	99
Pre-retirement mortality rate	SA 85 - 90 Ultimate	SA 85 - 90 Ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS.)		
Percentage of in-service members withdrawing before retirement:		
Age 20-24	15%	15%
Age 25-29	10%	10%
Age 30-34	7%	7%
Age 35-39	4%	4%
Age 40+	2%	2%
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	793 000	686 000
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	686 000	521 000
Current service cost	114 000	106 000
Interest cost	74 000	60 000
Benefit payments	-	-
Actuarial (gains)/losses	(81 000)	(1 000)
Recognition of previously unrecognised defined benefit liability	-	-
Balance at end of year	793 000	686 000
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	114 000	106 000
Interest cost	74 000	60 000
Benefit payments	-	-
Actuarial (gains)/losses	(81 000)	(1 000)
Total, included in employee benefits expense (Note 16)	107 000	165 000

2011
R

2010
R

RETIREMENT BENEFITS (Continued)

2.3. Other retirement benefit obligations

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMPF). Employees of Mthonjaneni Municipality made up less than 1% of the total members of the NJMPF. Mthonjaneni's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer

The latest interim valuation of the NJMP Retirement Fund (defined benefit) as at 31 March 2011 revealed that the fund was in a sound financial position

The latest interim valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2011 revealed that the fund was in a sound financial position

The latest interim valuation of the NJMP Superannuation Fund (defined benefit) as at 31 March 2011 revealed that the fund was in a sound financial position

Council also contributes to the Municipal Councillors Pension Fund (defined contribution). Mthonjaneni's liability in this fund could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for the fund and not for each employer

Total retirement benefits

1 974 667

1 223 738

3. CONSUMER DEPOSITS

Electricity

377 641

443 051

Other

112 700

99 354

490 341

542 405

4. CREDITORS

Trade creditors

1 351 594

2 953 633

Debtors prepayments

123 691

148 548

Other creditors

233 341

68 319

Leave pay provision

413 340

270 964

Total Creditors

2 121 966

3 441 464

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
EQUITABLE SHARE	-	-
FMG	15 334	568 240
MSIG	130 227	611 770
MIG	1 665 560	1 681 608
ELECTRIFICATION	1 514 292	7 870 584
LUMS	-	70 998
MDPCB	-	111 522
DISCB	258 409	298 157
MAP	50 979	248 194
MIIP	26 217	26 217
REDS	11 886	17 301
ALOE PRODUCTION	35 339	35 339
LIBRARY	38 008	35 306
SPORT	481 514	679 678
CAPACITY	39 626	214 249
CLINIC	-	-
Total unspent conditional grants and receipts	4 267 391	12 469 163
See Note 15 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		
6. VALUE ADDED TAXATION	921 615	2 680 398

VAT is payable on the accrual basis.

**MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

7.1 PROPERTY, PLANT & EQUIPMENT

30 June 2011

Reconciliation of Carrying Value	LAND R	BUILDINGS	INFRASTRUCTURE	BIOLOGICAL OR CULTIVATED ASSETS R	INVESTMENT PROPERTIES	HERITAGE ASSETS R	OTHER	ASSETS UNDER CONSTRUCTION	TOTAL R
Carrying Values at 01 July 2010	3 694 272	18 277 918	9 209 671	5 136 310	2 631 050	589	4 747 350	15 777 243	59 474 403
Cost	3 694 272	22 555 715	12 808 043	5 136 310	2 768 537	589	8 454 842	15 777 243	71 195 551
Accumulated depreciation	-	(4 277 797)	(3 598 372)	-	(137 487)	-	(3 707 492)	-	(11 721 148)
Acquisitions	-	167 160	710 976	-	-	-	646 553	18 285 711	19 810 400
Transfers out of Assets under construction	-	-	7 308 424	-	-	-	-	(7 308 424)	-
Depreciation	-	(766 922)	(418 181)	-	(41 424)	-	(1 766 286)	-	(2 992 813)
Carrying Value of disposals	(120 000)	(161 777)	-	-	-	-	(116 614)	-	(396 391)
Cost	(120 000)	(167 555)	-	-	-	-	(186 300)	-	(473 855)
Accumulated depreciation	-	5 778	-	-	-	-	69 686	-	75 464
Carrying Values at 30 June 2011	3 574 272	17 516 379	16 810 890	5 136 310	2 599 626	589	3 511 003	26 754 530	75 893 599
Cost	3 574 272	22 555 320	20 827 443	5 136 310	2 768 537	589	8 915 095	26 754 530	90 532 096
Accumulated depreciation	-	(5 038 941)	(4 016 553)	-	(178 911)	-	(5 404 092)	-	(14 638 497)

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73.

30 June 2010

Reconciliation of Carrying Value	LAND R	BUILDINGS	INFRASTRUCTURE	BIOLOGICAL OR CULTIVATED ASSETS R	INVESTMENT PROPERTIES	HERITAGE ASSETS R	OTHER	ASSETS UNDER CONSTRUCTION	TOTAL R
Carrying Values at 1 July 2009	3 694 272	17 566 077	8 868 090	5 136 310	2 672 473	589	4 038 493	5 194 547	47 170 851
Cost	3 694 272	21 100 224	12 143 864	5 136 310	2 768 537	589	6 885 161	5 194 547	56 923 504
Accumulated depreciation	-	(3 534 147)	(3 275 774)	-	(96 064)	-	(2 846 668)	-	(9 752 653)
Recognition of newly identified land & building assets at fair value	-	-	-	-	-	-	336 297	-	336 297
Restated carrying values at 1 July 2009	3 694 272	17 566 077	8 868 090	5 136 310	2 672 473	589	4 374 790	5 194 547	47 507 148
Cost	3 694 272	21 100 224	12 143 864	5 136 310	2 768 537	589	7 221 458	5 194 547	57 259 801
Accumulated depreciation	-	(3 534 147)	(3 275 774)	-	(96 064)	-	(2 846 668)	-	(9 752 653)
Acquisitions	-	-	662 402	-	-	-	1 233 384	12 039 964	13 935 750
Transfers	-	1 455 491	1 777	-	-	-	-	(1 457 268)	-
Depreciation	-	(743 650)	(322 598)	-	(41 423)	-	(860 824)	-	(1 968 495)
Carrying Value of disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Carrying Values at 30 June 2010	3 694 272	18 277 918	9 209 671	5 136 310	2 631 050	589	4 747 350	15 777 243	59 474 403
Cost	3 694 272	22 555 715	12 808 043	5 136 310	2 768 537	589	8 454 842	15 777 243	71 195 551
Accumulated depreciation	-	(4 277 797)	(3 598 372)	-	(137 487)	-	(3 707 492)	-	(11 721 148)

Correction of prior year errors and the effects of the GRAP conversion are disclosed in note 29.

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

7.2 INTANGIBLE ASSETS

30 June 2011

	Software	Total
Carrying values as at 1 July 2010	2 670	2 670
Cost	3 030	3 030
Accumulated Amortisation	(360)	(360)
Write-off of intangible assets	-	-
Cost	-	-
Accumulated Amortisation	-	-
Additions	53 115	53 115
Amortisation	(3 007)	(3 007)
Carrying value closing balance as at 30 June 2011	52 778	52 778
Cost	56 145	56 145
Accumulated Amortisation	(3 367)	(3 367)

30 June 2010

	Software	Total
Carrying values as at 1 July 2009	-	-
Cost	-	-
Accumulated Amortisation	-	-
Write-off of intangible assets	-	-
Cost	-	-
Accumulated Amortisation	-	-
Additions	3 030	3 030
Amortisation	(360)	(360)
Carrying value closing balance as at 30 June 2010	2 670	2 670
Cost	3 030	3 030
Accumulated Amortisation	(360)	(360)

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
8. INVENTORIES		
Consumable stores	274 477	324 016
Total Inventories	274 477	324 016
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.		
9.1 CONSUMER DEBTORS		
Rates	4 217 708	2 394 340
Electricity & Refuse	1 693 272	1 111 379
Total service debtors	5 910 980	3 505 719
Less provision for bad debts	35 (2 208 520)	(413 580)
Total	3 702 460	3 092 139
<u>Rates : Ageing</u>		
Current (0 – 30 days)	100	82
31 - 60 Days	10 071	73
61 - 90 Days	217 570	10
91 - 120 Days	205 384	77 297
Greater than 120 days	3 784 583	2 316 878
Total	4 217 708	2 394 340
<u>Electricity/Refuse : Ageing</u>		
Current (0 – 30 days)	969 619	1 126
31 - 60 Days	307 405	764 985
61 - 90 Days	24 438	23 720
91 - 120 Days	12 970	16 429
Greater than 120 days	378 840	305 119
Total	1 693 272	1 111 379
9.2 OTHER DEBTORS		
Accrued Interest	651,545	94,810
Clinic Claims and other	216,228	347,008
	867 773	441 818

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
10. CURRENT INVESTMENTS		
Fixed deposits & Call Accounts	30 040 000 <u>30 040 000</u>	30 040 000 <u>30 040 000</u>
<u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u>		
Investment Current Account <i>Absa Bank Limited - La Lucia Branch</i> <i>Account Number 2061844976 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	-	5 500 000
Bank statement balance at the end of the year	-	-
Investment Current Account <i>Absa Bank Limited - La Lucia Branch</i> <i>Account Number 2067710757 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	-	4 000 000
Bank statement balance at the end of the year	-	-
Investment Current Account <i>Absa Bank Limited - La Lucia Branch</i> <i>Account Number 2067533846 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	-	10 000 000
Bank statement balance at the end of the year	-	-
Investment Current Account <i>Absa Bank Limited - La Lucia Branch</i> <i>Account Number 2069682263 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	10 000 000	-
Bank statement balance at the end of the year	-	10 000 000
Investment Current Account <i>Absa Bank Limited - La Lucia Branch</i> <i>Account Number 2070905018 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	9 000 000	-
Investment Current Account <i>First National Bank Limited - Melmoth Branch</i> <i>Account Number 62051262146 : Call Account</i>		
Bank statement balance at the beginning of the year	500 000	500 000
Bank statement balance at the end of the year	500 000	500 000
Investment Current Account <i>First National Bank Limited - Melmoth Branch</i> <i>Account Number 74313129386 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	9 000 000	-
Investment Current Account <i>First National Bank Limited - Melmoth Branch</i> <i>Account Number 71245040078 : Fixed Deposit Account</i>		
Bank statement balance at the beginning of the year	1 540 000	1 540 000
Bank statement balance at the end of the year	1 540 000	1 540 000
Investment Current Account <i>Nedbank Bank Limited - Richards Bay Branch</i> <i>Account Number 03/7881083174 : Fixed Deposit Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	10 000 000	-
Investment Current Account <i>Investec Private Bank - Durban Branch</i> <i>Account Number 1100435097 : Fixed Deposit Account</i>		
Bank statement balance at the beginning of the year	18 000 000	3 000 000
Bank statement balance at the end of the year	-	18 000 000

MTHONJANENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
11. CASH AND CASH EQUIVALENTS		
The Municipality has the following main bank accounts:		
<u>ACCOUNT DESCRIPTION</u>		
Primary Bank Account		
<i>First National Bank Account - Melmoth Branch</i>		
<i>Account Number 54980006117 : Cheque Account</i>		
Cash book balance at the beginning of the year	8 809 960	1 208 421
Cash book balance at the end of the year	<u>4 669 427</u>	<u>8 809 960</u>
Bank statement balance at the beginning of the year	9 600 599	2 655 115
Bank statement balance at the end of the year	<u>5 227 887</u>	<u>9 600 599</u>
Petty cash and cash on hand	721	721
TOTAL CASH AND CASH EQUIVALENTS	<u>4 670 148</u>	<u>8 810 681</u>

12. PROPERTY RATES		
<u>Property Valuations</u>		
	Valuation date July 2010	Valuation date July 2009
Residential	126 026 800	121 465 000
Commercial	95 125 600	94 212 500
State	77 760 900	77 760 900
Municipal	14 724 000	14 724 000
Agriculture properties used for agricultural purposes	103 094 600	102 852 100
Other Properties	10 515 500	10 865 500
Public Service Infrastructure	1 066 218 300	-
Total Property Valuations	<u>1 493 465 700</u>	<u>421 880 000</u>
The last general valuation came into effect on:	2007/07/01	2007/07/01
Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2007		
Interim valuations are processed on an annual basis to take into account changes in individual land values due to consolidations and subdivisions		
Assessment rates: Cents in the rand on market valuation as follows:		
All property other than agricultural properties and PSI	1.643c/R	1.55c/R
Agricultural properties and Public Service Infrastructure	0.4107c/R	0.39c/R
Rates Levied	9 948 795	5 184 211
Rebates:		
Residential	(305 105)	(287 758)
Commercial	(540 672)	(496 796)
State	(219 636)	(360 824)
Municipal	(241 915)	(228 222)
Agriculture properties used for agricultural purposes	-	(97 697)
Other Properties	(142 914)	(112 563)
Public Service Infrastructure	(2 846 803)	-
Supplementary Valuation Roll		
Rates	60 929	3 429 326
Rebates	(17 378)	(2 803 634)
Total	<u>5 695 301</u>	<u>4 226 043</u>
Per statement of financial performance :		
- Income	10 009 724	8 613 537
- Expenditure	(4 314 423)	(4 387 494)
	<u>5 695 301</u>	<u>4 226 043</u>

Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004) for the 2010 financial year:
On a monthly basis, and the final dates of payment being the last working day of the month from August to May.
Rebates in terms of the above act were also implemented
Interest is levied at 18% per annum on outstanding rates.

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	2011 R	2010 R
13. SERVICE CHARGES		
Sale of electricity	11 022 743	9 557 768
Refuse removal	977 427	933 780
Total Service Charges	12 000 170	10 491 548
14. GOVERNMENT GRANTS AND SUBSIDIES		
EQUITABLE SHARE	18 192 808	14 800 677
FMG	1 752 906	876 800
MSIG	1 231 543	1 879 910
MIG	8 680 048	5 724 457
ELECTRIFICATION	6 356 292	6 989 416
LUMS	70 998	-
MDPCB	111 522	34 278
DISCB	39 748	49 973
VALUATIONS	-	65 567
VALUATIONS	-	238 932
MAP	197 215	337 338
MIIP	-	-
REDS	5 415	-
INTERNAL CONTROL	-	133 726
HOUSING PLAN	-	3 258
ALOE PRODUCTION	-	74 000
LIBRARY	93 298	86 989
SPORT	198 164	608 822
CAPACITY	174 623	133 251
TOURISM	-	16 134
CLINIC	882 994	761 929
Total Government Grant and Subsidies	37 987 574	32 815 457

**MTHONJANENI MUNICIPALITY
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	2011 R	2010 R
15. RECONCILIATION OF GOVERNMENT GRANTS AND SUBSIDIES		
15.1 EQUITABLE SHARE		
Balance unspent at beginning of year	-	-
Current year receipts	18 192 808	14 800 677
Conditions met – transferred to revenue	(18 192 808)	(14 800 677)
Conditions still to be met	<u>-</u>	<u>-</u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. This represents National Government's contribution to Council's operational costs. No funds were withheld.		
15.2 FMG		
Balance unspent at beginning of year	568 240	695 040
Current year receipts	1 200 000	750 000
Conditions met - transferred to revenue	(1 752 906)	(876 800)
Conditions still to be met-transferred to liabilities (see note 5)	<u>15 334</u>	<u>568 240</u>
This grant is used to fund the costs of the financial interns together with the training and capacity building of financial staff, and internal audit. No funds were withheld.		
15.3 MSIG		
Balance unspent at beginning of year	611 770	1 756 680
Current year receipts	750 000	735 000
Conditions met - transferred to revenue	(1 231 543)	(1 879 910)
Conditions still to be met-transferred to liabilities (see note 5)	<u>130 227</u>	<u>611 770</u>
This grant was used to fund the improvement of financial systems, the valuation roll, and also community communications. No funds were withheld.		
15.4 MIG		
Balance unspent at beginning of year	1 681 608	309 065
Current year receipts	8 664 000	7 097 000
Conditions met - transferred to revenue	(8 680 048)	(5 724 457)
Conditions still to be met-transferred to liabilities (see note 5)	<u>1 665 560</u>	<u>1 681 608</u>
This fund is used to fund capital infrastructure expenditure primarily related to road works. No funds were withheld.		
15.5 ELECTRIFICATION		
Balance unspent at beginning of year	7 870 584	-
Current year receipts	-	14 860 000
Conditions met - transferred to revenue	(6 356 292)	(6 989 416)
Conditions still to be met-transferred to liabilities (see note 5)	<u>1 514 292</u>	<u>7 870 584</u>
This grant was used to fund the Nomponjwana electrification project. No funds were withheld.		
15.6 LUMS		
Balance unspent at beginning of year	70 998	70 998
Current year receipts	-	-
Conditions met - transferred to revenue	(70,998)	-
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>70 998</u>
This grant is used for the Land Use Management System project. No funds were withheld.		
15.7 MDPCB		
Balance unspent at beginning of year	111 522	145 800
Current year receipts	-	-
Conditions met - transferred to revenue	(111 522)	(34 278)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>111 522</u>
This grant is used to fund the Planning Shared service. No funds were withheld.		

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	2011 R	2010 R
15. RECONCILIATION OF GOVERNMENT GRANTS AND SUBSIDIES		
(Continued)		
15.8 DISCB		
Balance unspent at beginning of year	298 157	348 130
Current year receipts	-	-
Conditions met - transferred to revenue	(39 748)	(49 973)
Conditions still to be met-transferred to liabilities (see note 5)	<u>258 409</u>	<u>298 157</u>
This grant is used to fund the Planning Shared Service. No funds were withheld.		
15.9 VALUATIONS		
Balance unspent at beginning of year	-	65 567
Current year receipts	-	-
Conditions met - transferred to revenue	-	(65 567)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
This grant is used for the development of the valuation roll in terms of the Property Rates Act. No funds were withheld.		
15.10 VALUATIONS		
Balance unspent at beginning of year	-	238 932
Current year receipts	-	-
Conditions met - transferred to revenue	-	(238 932)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
Property Rates Act. No funds were withheld.		
15.11 MAP		
Balance unspent at beginning of year	248 194	185 532
Current year receipts	-	400 000
Conditions met - transferred to revenue	(197 215)	(337 338)
Conditions still to be met-transferred to liabilities (see note 5)	<u>50 979</u>	<u>248 194</u>
The funding from this grant was used for various projects including the promulgation of bylaws, the performance management system and also for the upgrading of IT systems. No funds were withheld.		
15.12 MIIP		
Balance unspent at beginning of year	26 217	26 217
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 5)	<u>26 217</u>	<u>26 217</u>
This grant is used to fund the Municipal Infrastructure Investment Plan project. No funds were withheld. This project has been completed and the request to treasury to roll over the funds onto other projects has been sent. Approval is still pending.		
15.13 REDS		
Balance unspent at beginning of year	17 301	17 301
Current year receipts	-	-
Conditions met - transferred to revenue	(5 415)	-
Conditions still to be met-transferred to liabilities (see note 5)	<u>11 886</u>	<u>17 301</u>
This grant is being used to fund asset management processes with respect to electricity assets and infrastructure owned by the Council. No funds were withheld. This project has been completed and the request to treasury to roll over the funds onto other projects has been sent. Approval is still pending.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
15. RECONCILIATION OF GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
15.14 INTERNAL CONTROL		
Balance unspent at beginning of year	-	133 726
Current year receipts	-	-
Conditions met - transferred to revenue	-	(133 726)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
This grant is used to fund several specific programmes including the human resource plan, newsletters and the anti-corruption strategy. No funds were withheld.		
15.15 HOUSING PLAN		
Balance unspent at beginning of year	-	3 258
Current year receipts	-	-
Conditions met - transferred to revenue	-	(3 258)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
This grant is used to fund housing development projects within the municipality. No funds were withheld.		
15.16 ALOE PRODUCTION		
Balance unspent at beginning of year	35 339	109 339
Current year receipts	-	-
Conditions met - transferred to revenue	-	(74 000)
	<u>-</u>	<u>-</u>
This grant is used to fund research and investigations into Aloe production. No funds were withheld.		
15.17 LIBRARY		
Balance unspent at beginning of year	35 306	32 295
Current year receipts	96 000	90 000
Conditions met - transferred to revenue	(93 298)	(86 989)
Conditions still to be met-transferred to liabilities (see note 5)	<u>38 008</u>	<u>35 306</u>
This grant is used to fund salaries for cybercadet staff at the community library. No funds were withheld.		
15.18 SPORT		
Balance unspent at beginning of year	679 678	375 000
Current year receipts	-	913 500
Conditions met - transferred to revenue	(198 164)	(608 822)
	<u>481 514</u>	<u>679 678</u>
Conditions still to be met-transferred to liabilities (see note 5)		
This grant is being used to fund the building of a regional sports field. No funds were withheld.		
15.19 CAPACITY		
Balance unspent at beginning of year	214 249	280 000
Current year receipts	-	67 500
Conditions met - transferred to revenue	(174 623)	(133 251)
Conditions still to be met-transferred to liabilities (see note 5)	<u>39 626</u>	<u>214 249</u>
This grant is being used to fund the Performance Management System and the capacity building of staff members. No funds were withheld.		

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	2011 R	2010 R
15. RECONCILIATION OF GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
15.20 TOURISM		
Balance unspent at beginning of year	-	16 134
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	(16 134)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
This grant is used by the local tourism association for their operational costs. No funds were withheld		
15.21 CLINIC		
Balance unspent at beginning of year	-	-
Current year receipts	882 994	761 929
Expenditure claimed in accordance with grant conditions	(882 994)	(761 929)
Conditions still to be met-transferred to liabilities (see note 5)	<u>-</u>	<u>-</u>
This grant represents funding received from the Department of Health for the operation of the local clinic. No funds were withheld.		
16. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	11 316 030	9 173 239
Employee related costs - Allowance	140 496	103 503
Employee related costs - Pension contributions	942 764	739 395
Employee related costs - Medical aid	440 479	319 513
Employee related costs - UIF	86 537	74 000
Employee related costs - Performance bonuses	238 325	210 907
Employee related costs - Retirement benefits	750 929	176 321
	<u>13 915 560</u>	<u>10 796 878</u>
Included in the employee related costs are the following:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	580 852	523 349
Car Allowance	80 040	80 040
Performance Bonus	85 291	75 480
Total	<u>746 183</u>	<u>678 869</u>
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	490 893	439 672
Car Allowance	102 000	101 635
Performance Bonus	76 517	67 714
Total	<u>669 410</u>	<u>609 021</u>
<i>Remuneration of the Director of Corporate and Community Services</i>		
Annual Remuneration	496 893	445 307
Car Allowance	96 000	96 000
Performance Bonus	76 517	67 714
Total	<u>669 410</u>	<u>609 021</u>
17. REMUNERATION OF COUNCILLORS		
Mayor	207 805	199 079
Deputy Mayor	154 719	147 993
Exco Committee Member	158 563	159 262
Speaker	168 337	149 308
Councillors	741 989	747 925
Councillors' pension contributions, medical aid and allowances	914 637	870 085
Total Councillors' Remuneration	<u>2 346 050</u>	<u>2 273 652</u>
In-kind Benefits		
The Mayor, Deputy Mayor, Speaker and Committee Members are part-time. They are provided with an office and secretarial support at the cost of the council		

MTHONJANENI MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18. BULK PURCHASES		
Electricity	<u>8 863 079</u>	<u>6 953 961</u>
19. GENERAL EXPENSES		
Included in general expenses is the following: -		
Administration charges	600 000	775 000
Audit fees	522 830	520 828
Conference & travelling	216 273	224 789
Finance Management Grant	1 730 577	847 698
Insurance	180 723	298 478
MAP - Provincial Management Assistance Programme	178 859	292 453
Municipal development infrastructure grant	39 749	49 973
Municipal systems improvement grant	1 229 905	1 860 397
Postage & Telephone	504 420	371 102
Rural Metro	740 160	-
Sport & recreation grant	198 163	608 822
Valuation roll grant	-	304 500
Ward projects	(930 821)	1 420 400
Other general expenses	4 270 209	2 978 042
	<u>9 481 047</u>	<u>10 552 482</u>
20. OTHER INCOME		
Included in other income is the following: -		
Administration charges	600 000	775 000
Library fines	2 348	2 677
GRAP conversion - Recognition of newly identified assets	-	336 297
Sundry income	184 169	459 006
	<u>786 517</u>	<u>1 572 980</u>
21. FRUITLESS AND WASTEFUL EXPENDITURE	<u>-</u>	<u>-</u>
22. IRREGULAR EXPENDITURE	<u>-</u>	<u>-</u>
23. UNAUTHORISED EXPENDITURE		
Operating Expenses		
Bulk Purchases	243 079	78 961
Contributions to Provisions	106 731	68 557
Provision for Bad Debt	294 940	-
Depreciation	445 820	-
Employee related costs	53 560	-
Refer to Appendix D1 for further details		
Capital Expenses		
Electricity	-	5 788 629
Land & Buildings	-	-
Vehicles	-	77 621
Equipment & Furniture	-	274 993
Refer to Appendix D2 for further details		
Council authority for all unauthorised expenditure was obtained on 6 September 2011. The 2010 overexpenditure was approved by Council on 25 January 2011.		

**MTHONJANENI MUNICIPALITY
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	2011 R	2010 R
24. CASH GENERATED FROM OPERATIONS		
Surplus for the year	20 379 130	19 188 242
Adjustment for : Non Cash Movements		
Prior year's sundry adjustment	-	-
Depreciation : Property, Plant and equipment	2 995 820	1 968 855
Contribution to retirement benefit obligation	643 929	11 321
Contribution to long service awards liability	107 000	165 000
Property, Plant & Equipment loss on disposals	119 517	-
Investment income	(2 340 828)	(2 122 527)
Operating surplus before working capital changes:	<u>21 904 568</u>	<u>19 210 891</u>
(Increase) / Decrease in inventories	49 539	(78 064)
(Increase) / Decrease in consumer debtors	(610 321)	(973 313)
(Increase) / Decrease in other debtors	(425 955)	34 387
Increase / (Decrease) in conditional grants and receipts	(8 201 772)	7 660 149
Increase / (Decrease) in creditors	(1 319 498)	1 052 584
(Increase) / Decrease in VAT receivable	1 758 783	(1 690 094)
Cash generated from operations	<u>13 155 344</u>	<u>25 216 540</u>
25. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	4 670 148	8 810 681
Call investment deposits	30 040 000	30 040 000
Total cash and cash equivalents at the end of the year	<u>34 710 148</u>	<u>38 850 681</u>
The municipality does not have overdraft facilities.		
26. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>26.1 Contributions to organised local government</u>		
Opening balance	-	-
Council subscriptions	25 613	22 021
Amount paid - current year	(25 613)	(22 021)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>26.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	522 830	520 828
Amount paid - current year	(522 830)	(520 828)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>26.3 VAT</u>		
VAT received for the year	<u>3 371 307</u>	<u>563 214</u>
VAT paid for the year	<u>-</u>	<u>26 414</u>

VAT inputs receivable and VAT outputs payable are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

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	2011 R	2010 R
26.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	2 119 607	1 701 529
Amount paid - current year	(2 119 607)	(1 701 529)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
26.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council	2 539 313	2 006 969
Amount paid - current year	(2 539 313)	(2 006 969)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
26.6 Councillor's arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at: 30 JUNE 2011		
Outstanding more than 90 days		
Councillor: Mrs. Jiyane	15 347	10 322
Total Councillor Arrear Consumer Accounts	15 347	10 322
26.7 Distribution losses		
Units lost (kilowatts)	1 964 085	1 158 984
Units lost (sales price per kilowatts - rands)	1 611 184	759 710
Units lost (purchase price per kilowatts - rands)	513 148	230 392
Units lost (percentage)	12.30%	7.19%
Although units per kilowatts were lost in distribution, the electricity service experienced a surplus as follows :	2 159 664	2 603 807
27. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for:	3 049 000	-
Infrastructure	1 179 000	-
Community	1 870 000	-
- Approved but not yet contracted for:	31 998 000	15 666 000
Infrastructure	19 969 000	5 000 000
Community	11 492 000	10 062 000
Other	537 000	604 000
Total	35 047 000	15 666 000
This expenditure will be financed as follows:		
Grant funded	31 310 000	13 247 000
Council funded	3 737 000	2 419 000
External Loans	-	-
Funding still to be sourced	-	-
	35 047 000	15 666 000

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2011 R	2010 R
28. CONTINGENT LIABILITIES		
No contingent liabilities were identified for year ended 30 June 2011 or for the year ended 30 June 2010	-	-
29. CONTINGENT ASSETS		
No contingent assets were identified for the year ended 30 June 2011 or for the year ended 30 June 2010	-	-
30. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY		
The change in accounting policy refers to the implementation of Generally Recognised Accounting Practice:		
30.1 Fixed Assets		
From the start of 2010, the municipality has changed its accounting policies to now be fully GRAP compliant. In terms of the requirements of GRAP, the municipality was required to recognise investment properties. This adjustment has been applied retrospectively.		
Balances previously reported		
Property, Plant & Equipment		59 474 403
Implementation of GRAP		
Investment Properties		2 631 050
Restated balance at 30 June 2010		<u><u>56 843 353</u></u>
31. EVENTS AFTER THE REPORTING DATE		
No significant events were identified after the reporting date that requires disclosure in the financial statements for the year ended 30 June 2011		
32. COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D(1) and D(2) and note 36		
The surplus for the year was lessor than the budget by R 781 985		
33. RELATED PARTIES		
The municipality did not have any related parties, or related party transactions for the years ended 30 June 2011 and 30 June 2010		
34. OPERATING LEASES AND COMMITMENTS		
The future minimum lease payments payable under operating leases for the actual liability are as follows:		
No later than 1 year	11 058	11 058
Later than 1 year and no later than 5 years	13 905	24 933
Later than 5 years	1 542	1 572
	<u><u>26 505</u></u>	<u><u>37 563</u></u>
The future minimum lease payments receivable under operating leases for the actual receivables are as follows:		
No later than 1 year	24 401	-
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
	<u><u>24 401</u></u>	<u><u>-</u></u>
Operating lease payments payable relate to the hiring of vacant land, buildings, advertising space and housing.		
Operating lease payments receivable relate to rentals for the commonage, vacant land, buildings, advertising space and housing.		
issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.		

2011
R

2010
R

35. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

Financial Risk Management

The Municipality has exposure to the following risks from its use of financial instruments

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks

Further qualitative disclosures have been included in these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations

Categories of Financial Instruments

Financial Assets :

Investments and receivables		
Investments	30 040 000	30 040 000
Cash and cash equivalents	4 670 148	8 810 681
Consumer debtors	3 702 460	3 092 139
Other debtors	867 773	441 818

Financial Liabilities

Liabilities and creditors		
Creditors	2 121 966	3 441 464

All of the above financial instruments represent assets and liabilities that are to be realised within the next 6 months and as such the carrying amount equates to the fair value.

35. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and monitored. The following are the contractual maturities of financial liabilities

	Carrying Amount	Contractual cash flows (12 months or less)
30 June 2011		
Creditors	2 121 966	2 121 966
30 June 2010		
Creditors	3 441 464	3 441 464

Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus for the year. The municipality currently does not have any long-term debt exposure.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality holds interest bearing assets with various financial institutions.

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2011
R

2010
R

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur rates, electricity and refuse debts.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures :

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA

Consumer and other debtors are individually evaluated annually at balance sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows :

Financial Instrument

Consumer debtors	3 702 460	3 092 139
Other debtors	867 773	441 818
Cash and cash equivalents	4 670 148	8 810 681

The ageing of trade receivables at the reporting date was as follows :

Consumer Debtors

Gross		
0-30 days	969 719	1 208
31-120 days	4 163 423	2 621 997
More than 120 days	(2 208 520)	(413 580)
Less : Provision for bad debts		
Net consumer debtors	<u>3 702 460</u>	<u>3 092 139</u>

Movement in the provision for doubtful debts

Balance at the beginning of the year	413 580	447 763
Contribution	1 794 940	-
Bad debts written off	-	(34 183)
Balance at the end of the year	<u>2 208 520</u>	<u>413 580</u>

Movement in the provision for leave

Balance at the beginning of the year	270 964	209 183
Contribution	236 731	198 557
Benefit payments	(94 355)	(136 776)
Balance at the end of the year	<u>413 340</u>	<u>270 964</u>

RECONCILIATION OF BUDGET SURPLUS/DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE

Net surplus/deficit per the statement of financial performance	20 379 130	19 188 242
Adjusted for:		
Service charges	(364 170)	(1 090 548)
Government grant and subsidies	5 044 726	(1 132 682)
Interest earned - external investments	(440 828)	(622 527)
Property rates including penalties imposed	(440 414)	(91 907)
Rental of facilities and equipment	(64 859)	89 361
Fines	(8 690)	84 000
Licences and permits	(522 305)	(526 813)
Balance of revenue	(54 917)	(665 680)
Employee related costs	53 560	(63 520)
Remuneration of councillors	(143 950)	(93 672)
Bad debts	294 940	(150 000)
Collection costs	(26 653)	(33 195)
Depreciation	445 820	(131 145)
Repairs and maintenance	(605 821)	(680 210)
Bulk purchases	243 079	78 961
Contracted services	(119 946)	(51 006)
Contributions to provisions	106 731	68 557
Capitalization of PPE	(25 773 000)	(14 275 077)
Balance of expenditure	(2 614 318)	(1 815 216)
Net (deficit) / surplus per approved budget	<u>(4 611 885)</u>	<u>(1 914 077)</u>

SUPPLY CHAIN MANAGEMENT DEVIATIONS

Quarterly reports made to the Mayor for the period 1 October 2010 to 30 June 2011 are available on request.

MTTHONJANENI MUNICIPALITY
APPENDIX A : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance R	Additions R	Cost / Revaluation Newly Disposed Identified assets R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Accumulated Depreciation Disposals Transfers R R R	Closing Balance R	Carrying Value R
LAND										
LAND	3 694 272	-	- (120 000)	-	3 574 272	-	-	-	-	3 574 272
	3 694 272	-	- (120 000)	-	3 574 272	-	-	-	-	3 574 272
BUILDINGS										
DWELLINGS	869 460	-	-	-	869 460	(29 686)	(29 185)	-	(58 871)	810 589
NON RESIDENTIAL DWELLINGS	21 686 255	167 160	- (167 555)	-	21 685 860	(4 248 111)	(737 737)	5 778	(4 980 070)	16 705 790
	22 555 715	167 160	- (167 555)	-	22 555 320	(4 277 797)	(766 922)	5 778	(5 038 941)	17 516 379
INFRASTRUCTURE										
CEMENTERIES	945 750	-	-	-	945 750	(243 889)	(59 373)	-	(303 262)	642 488
ELECTRICITY	7 100 669	710 976	-	-	7 811 645	(2 903 021)	(172 108)	-	(3 075 129)	4 736 516
ROADS AND STORMWATER	4 533 762	-	-	7 308 424	11 842 186	(428 289)	(182 142)	-	(610 431)	11 231 755
SOLID WASTE DISPOSAL	143 630	-	-	-	143 630	(2 872)	(20 109)	-	(22 981)	120 649
WATER	84 232	-	-	-	84 232	(3 064)	(1 686)	-	(4 750)	79 482
	12 808 043	710 976	-	7 308 424	20 827 443	(3 598 372)	(418 181)	-	(4 016 553)	16 810 890
BIOLOGICAL OR CULTIVATED ASSETS										
BIOLOGICAL OR CULTIVATED ASSE	5 136 310	-	-	-	5 136 310	-	-	-	-	5 136 310
	5 136 310	-	-	-	5 136 310	-	-	-	-	5 136 310
INVESTMENT PROPERTIES										
INVESTMENT PROPERTIES	2 768 537	-	-	-	2 768 537	(137 487)	(41 424)	-	(178 911)	2 589 626
HERITAGE ASSETS										
HERITAGE ASSETS	589	-	-	-	589	-	-	-	-	589
	589	-	-	-	589	-	-	-	-	589
OTHER										
COMPUTER EQUIPMENT	468 440	119 726	-	-	588 166	(210 186)	(104 501)	-	(314 687)	273 479
FURNITURE AND EQUIPMENT	1 411 291	170 673	-	-	1 581 964	(539 093)	(222 945)	-	(762 038)	819 926
MACHINERY AND EQUIPMENT	3 301 972	123 281	- (7 250)	-	3 418 003	(1 468 749)	(909 603)	5 438	(2 372 913)	1 045 090
TRANSPORT ASSETS	3 273 139	232 873	- (179 050)	-	3 326 962	(1 489 465)	(529 237)	64 248	(1 954 454)	1 372 508
	8 454 842	646 553	- (186 300)	-	8 915 095	(3 707 492)	(1 766 286)	69 686	(5 404 092)	3 511 003
ASSETS UNDER CONSTRUCTION										
ASSETS UNDER CONSTRUCTION	15 777 243	18 285 711	-	- (7 308 424)	26 754 530	-	-	-	-	26 754 530
	15 777 243	18 285 711	-	- (7 308 424)	26 754 530	-	-	-	-	26 754 530
TOTAL	71 195 551	19 810 400	- (473 855)	-	90 532 096	(11 721 148)	(2 992 813)	75 464	- (14 638 497)	75 893 599

MTHONJANENI MUNICIPALITY
APPENDIX B : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance R	Cost / Revaluation			Closing Balance R	Accumulated Depreciation			Carrying Value R
		Additions R	New assets Identified R	Disposals R		Transfers R	Disposals R	Transfers R	
CORPORATE SERVICES	1 560 399	429 747		(57 960)	1 932 186	-	(21 133)	-	967 668
FINANCE AND ADMIN	696 670	28 855		-	725 525	-	-	-	366 197
TECHNICAL SERVICES	18 214 705	8 716 923		(70 294)	26 861 334	-	(27 935)	-	23 364 081
EXECUTIVE AND COUNCIL	24 901 896	27 123		(287 555)	24 641 464	-	(5 778)	-	22 184 532
MAYOR	15 368	1 000		-	16 368	-	-	-	7 224
MUNICIPAL MANAGER	26 825	5 663		-	32 488	-	-	-	14 797
LIBRARY	148 643			-	148 643	-	-	-	35 443
PUBLIC HEALTH	807 428	14 797		-	822 225	-	-	-	376 234
PUBLIC SAFETY	5 100 328	22 418		-	5 122 746	-	-	-	3 482 742
ELECTRICITY	14 721 732	7 123 170		(58 046)	21 786 856	-	(20 618)	-	17 964 766
COMMUNITY & SOCIAL SERVICES	2 292 683	3 393 933		-	5 686 616	-	-	-	5 171 200
SPORT AND RECREATION	1 910 678			-	1 910 678	-	-	-	1 309 766
TOWN ESTATES	798 196	46 771		-	844 967	-	-	-	648 949
	71 195 551	19 810 400	-	(473 855)	90 532 096	-	(75 464)	-	75 893 599

MTHONJANENI MUNICIPALITY

2010 (RESTATED) 2010 (RESTATED) 2010 (RESTATED)			
Actual Revenue R	Actual Expenditure R	Surplus/ (Deficit) R	
8 613 537	4 387 494	4 226 043	
1 500 000	3 444 732	(1 944 732)	Assessment Rates
16 192 227	6 940 519	9 251 708	Executive and Council
761 929	782 048	(20 119)	Financial Services
3 672 260	10 422 661	(6 750 401)	Public Health
2 257 813	2 279 785	(21 972)	Community and Social Services
6 574 457	405 599	6 168 858	Protection Services
1 463 780	1 129 246	334 534	Roads & Sidewalks
9 731 947	8 777 040	954 907	Refuse Removal
6 989 416		6 989 416	Electricity: Tariff Revenue
57 757 366	38 569 124	19 188 242	Electricity: Capital Grant Revenue
			Sub Total
775 000	775 000	-	Inter-Departmental Charges
58 532 366	39 344 124	19 188 242	Total

MTTHONJANENI MUNICIPALITY
APPENDIX D (1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011		Budget 2011		Variance 2011		Explanation of significant greater than 10% versus Budget
	R		R		R	%	
REVENUE							
Property rates	5 695 301		5 500 000		195 301	3.55%	
Property rates- penalties imposed and collection charges	495 113		250 000		245 113	98.05%	PSI debtors not paying.
Service charges	12 000 170		11 636 000		364 170	3.13%	Electricity & refuse consumption is higher than expected
Rental of facilities and equipment	395 859		331 000		64 859	19.59%	Department of Agriculture paid outstanding rental.
Interest earned- external investments	2 340 828		1 900 000		440 828	23.20%	Investments fixed at longer terms thus higher interest.
Fines	18 690		10 000		8 690	86.90%	Special programmes operated in May and June to address the unroadworthy large vehicle movement through town.
Licences and permits	2 587 305		2 065 000		522 305	25.29%	Revenue earned in this department was higher than expected due to an unexpectedly high influx of residents from outside the municipality coming to obtain their licenses.
Government grants and subsidies	37 987 574		43 032 300		(5 044 726)	-11.72%	Unspent grants R 4 267 391
Other income	786 517		731 600		54 917	7.51%	
Total Revenue	62 307 357		65 455 900		(3 148 543)	-4.81%	
EXPENDITURE							
Employee related costs	(13 915 560)		(13 862 000)		(53 560)	0.39%	
Remuneration of councillors	(2 346 050)		(2 490 000)		143 950	-5.78%	
Bad debts	(1 794 940)		(1 500 000)		(294 940)	19.66%	PSI outstandings more than budgeted for.
Collection costs	(8 347)		(35 000)		26 653	-76.15%	Farms, PSI and Slate handed over in July
Depreciation	(2 995 820)		(2 550 000)		(445 820)	17.48%	Write off of depreciation increased the total depreciation.
Repairs & maintenance	(1 628 279)		(2 234 100)		605 821	-27.12%	Lower than expected damages and general repairs hence underspending on repairs and maintenance
Bulk purchases	(8 863 079)		(8 620 000)		(243 079)	2.82%	
Contracted services	(658 374)		(778 320)		119 946	-15.41%	Less work performed by contract workers in current year due to resignations and completion of some of their respective contracts.
General expenses	(9 481 047)		(12 085 365)		2 614 318	-21.61%	Ward projects allocated to capital R 967 000. Unspent revenue grants R 1 087 539. Remaining variance is below the 10% threshold. Includes loss on assets R 119 518
Contributions to provisions	(236 731)		(130 000)		(106 731)	82.10%	Less leave taken by staff members during the current year resulting in the liability building up more than expected.
Total Expenditure	(41 928 227)		(44 294 785)		2 366 558	-5.34%	
NET (DEFICIT) / SURPLUS FOR THE YEAR	20 379 130		21 161 115		(781 985)	-3.70%	

MTHONJANENI MUNICIPALITY
APPENDIX D (2): ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Under Construction R	2011 Total Additions R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
Land & Buildings - ward projects	-	7 607 507	7 607 507	8 988 000	1 380 493	15%	R 1,2 mill to be carried over to new year to complete ward projects.
Roads	-	4 324 588	4 324 588	6 289 000	1 964 412	31%	Phase 3 of roads project approved late in year. Uthungulu project for refuse road and fencing not completed. R 939 000 carried over to 2011/2012.
Electricity	769 554	6 353 616	7 123 170	9 370 000	2 246 830	24%	R 1,5 mill of Nomponjwana project still to be spent. Vending system only approved in June 2011. R 240 000 carried over to 2011/2012.
Vehicles	232 873	-	232 873	280 000	47 127	17%	Smaller vehicle purchased than what was budgeted for.
Equipment & Furniture	575 377	-	575 377	846 000	270 623	32%	Not all items budgeted for were purchased.
	1 577 804	18 285 711	19 863 515	25 773 000	5 909 485	23%	

The appendix includes additions figures for property, plant and equipment (note 7)

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Unspent grants at 30 June 2011 - Note 5

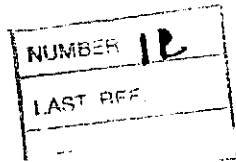
AUDIT COMMITTEE CERTIFICATE

CERTIFICATE IN TERMS OF SECTION 166(2) OF THE LOCAL GOVERNMENT : MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003

I Robert George Morrow, acting in my capacity as Chairman of the Audit Committee of the Mthonjaneni Municipality, hereby certify that the Audit Committee has reviewed the 2010/2011 Annual Financial Statements as required in terms of Section 166(2) of the Local Government: Municipal Finance Management Act, No.56 of 2003, and express the view that the Financial Statements portray the efficiency and effectiveness of the municipality and its overall compliance with the Municipal Finance Management Act.

ROBERT GEORGE MORROW
CHAIRMAN: AUDIT COMMITTEE
DATE: 23-11-2010





EXCO : 25.04.2012
COUNCIL : 03.05.2012

REPORT TO : COUNCIL

MLMC 12/367
ANNUAL REPORT (12/1/1/47)

Report of the Executive Committee

1. AIM :

- 1.1 The aim of the report is to submit to Council the minutes of the Oversight Committee and approve the Annual Report of 2010/2011.

2. BACKGROUND :

- 2.1 Section 129 (1) of the MFMA requires Council to adopt on Oversight Report containing the Council Comments on the Annual Report and must include a statement whether the council has approved the annual report with or without reasons.
- 2.2 The annual report was tabled with Council on 25 -02-2012 and referred to the oversight Committee, which was held on the 04-03-2012.
- 2.3 Attached as annexure 2012/13 find the minutes of the Oversight Committee. No comments were made by the Oversight Committee.
- 2.4 The Annual Report in tabled for approval.

Attached Annexure 2012/13 Page 150-153

3. EXCO RESOLVED TO RECOMMEND THAT:

- 3.1 The annual Report for 2010/11 be approved.



Verified by: OK
Date : 16.4.12



**MTHONJANENI
LOCAL MUNICIPALITY**



MINUTES

OVERSIGHT COMMITTEE MEETING

NO.01

04 APRIL 2012

KZ 285 MTHONJANENI MUNICIPALITY

**MINUTES OF THE 1ST OVERSIGHT COMMITTEE MEETING OF
MTHONJANENI MUNICIPALITY HELD IN THE COUNCIL CHAMBER,
MELMOTH, ON WEDNESDAY THE 04TH APRIL 2012 AT 14H00.**

Present :

**Cllr H.K. Zungu PR : (Chairperson)
Cllr N.A. Jiyane (Speaker)
Cllr N.E. Mgenge (Chairperson)**

**Observer : Cllr E.M. Masikane : Ward Councillor
(Chairperson of MPAK)**

**Official : F.A. Els (Municipal Manager)
K.C. Zulu (Director Corporate and Community Services)**

Mrs N. Ziqubu (Committee Officer)

MINUTES

1. NOTICE OF MEETING

The notice of meeting was taken as read.

2. OPENING AND WELCOME

Cllr Mgenge opened with prayer and Chairperson welcomed everyone.

3. LEAVE OF ABSENCE AND APOLOGIES

None

4. OFFICIAL ANNOUNCEMENTS

None

5. DISCLOSURE OF INTEREST

None

6. DEPUTATIONS

None

FINANCE, PLANNING, AND DEVELOPMENT REPORTS

NON – DELEGATED MATTERS

OVERSIGHT COMMITTEE : 04.04.2012

REPORT TO : OVERSIGHT COMMITTEE

**MLMOC 12/01
ANNUAL REPORT : 2010/2011**

PRE-AMBLE:

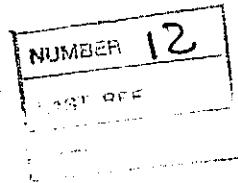
The were no points of clarity raised by the Oversight Committee, therefore :-

OVERSIGHT COMMITTEE RESOLVED TO RECOMMEND THAT:

1. The Annual Report for 2010/2011 be submitted to Council for approval as presented.

The Chairperson declared the meeting closed.

**Signed by: _____
Chairperson**



EXCO : 25.04.2012
COUNCIL : 03.05.2012

MLMC 12/367
ANNUAL REPORT (12/1/1/47)

COUNCIL RESOLVED THAT:

1. The annual Report for 2010/11 be approved.